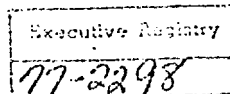


SECRETTHE WHITE HOUSE
WASHINGTONSECRET/SENSITIVE

September 13, 1977

Presidential Directive/NSC- 21

TO: The Vice President
 The Secretary of State
 The Secretary of Defense

ALSO: The Secretary of the Treasury
 The United States Representative to the United Nations
 The Director, Office of Management and Budget
 The Chairman, Council of Economic Advisors
 The Director, Arms Control and Disarmament Agency
 The Chairman, Joint Chiefs of Staff
 The Director of Central Intelligence

SUBJECT: Policy toward Eastern Europe

The President has directed that policy toward Eastern Europe should be based on the objectives of working with governments of the region to enhance their independence internationally and to increase their degree of internal liberalization. To that end, the United States will demonstrably show its preference for Eastern European countries that are either relatively liberal internally or relatively independent internationally.

For the principal countries of the region (excluding Yugoslavia), this policy will reflect the following general guidance:

-- Poland and Romania will continue to receive preferred treatment with regard to visits by government officials, and in handling economic issues and various exchange programs. We should examine ways to ameliorate the Polish debt situation, should it continue.

-- Relations with Hungary will be carefully improved to demonstrate that its position is similar to Poland and Romania. The United States will indicate its willingness to return the Crown of St. Stephen, providing the Hungarians

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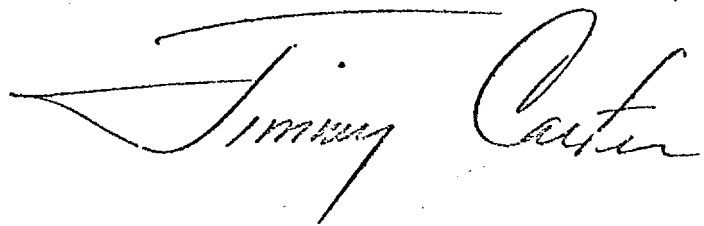
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will give acceptable assurances about its continuing display. Subsequent to the return of the Crown, the United States will enter into negotiations for a trade agreement with Hungary, including a provision for a waiver of the Jackson-Vanik amendment, provided Hungary gives adequate assurances consistent with the spirit of the Jackson-Vanik provision.

-- Relations with Bulgaria, Czechoslovakia and the GDR will remain limited until there is demonstrated progress along one of the two dimensions mentioned above. No particular initiatives toward any of the three will be taken, nor will there be indications of willingness to grant MFN. That does not preclude continuing efforts to put formal bilateral relations in a somewhat more normal basis: e.g., through US naval port visits to Bulgaria, or through negotiations with Bulgaria over outstanding bond debts, with Czechoslovakia over nationalization claims and with the GDR over a consular convention and claims. The results of such negotiations must be justified on their own merits, and must not dilute the basic differentiation. Any other specific steps taken to improve U.S. relations with those three countries must tangibly and demonstrably advance specific U.S. interests.

This policy is aimed at producing stability, progress and the enhancement of security throughout the region, pointing toward reconciliation between both halves of Europe.



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